

MEETING: 12 MARCH 2020

REPORT BY: SECRETARY TO THE COMMISSION

## UPDATE REPORT

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### Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

### Commission business

#### *Publications*

4. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet.
5. The download statistics of the reports published over the last 12 months (as at 26 February) are set out in the **Appendix**.
6. On 28 January the Accounts Commission and the Auditor General for Scotland [published](#) the 'Privately financed infrastructure investment' report. Over the lifetime of active PFI, NPD and hub contracts, the public sector makes annual payments to cover the cost of financing, building and maintaining the assets, as well as other services the private sector is providing. Currently, assets worth £9 billion are under contract and the Scottish public sector will make payments worth over four times the capital value of the assets built (over £40 billion) with £27 billion still to be paid between now and 2047/48. This report stated that greater transparency is required over decision making to show projects represent value for money.
7. On 6 February the Accounts Commission published the '2018/19 audit of Glasgow City Council: Update on equal pay settlement' report. This report concluded that Glasgow City Council had successfully delivered a challenging project to finance £500 million in equal pay claims. The council developed and demonstrated good governance arrangements throughout a complex project to raise over £500 million to settle equal pay claims. This involved the council undertaking three complex deals to sell and leaseback a number of properties. The council also developed and applied appropriate

project management and governance arrangements whilst assessing claims and making payments.

8. On 17 February, the Commission met with Highland Council to discuss the [Best Value Assurance Report](#) on the Council, published on 23 January. The Commission was represented by Elma Murray, Andrew Burns and Christine Lester. Paul Reilly, Secretary and Joanne Brown, Partner, Grant Thornton (appointed auditor) were also present. The Council was represented by councillors Margaret Davidson, Council Leader (Independent), Bill Lobban, Council Convener (Independent), Alasdair Christie, Deputy Leader (Liberal Democrat), Alister MacKinnon, Chair of Resources Committee / Budget Leader (Independent), and Graham MacKenzie, Chair of Audit Committee (SNP). Donna Manson, Chief Executive and a number of members of the corporate management team were also present. The Council will formally consider the findings at its meeting on 5 March 2020.
9. On 27 February the Accounts Commission [published](#) 'The 2018/19 audit of Fife Integration Joint Board: Report on significant findings.' This report outlined how the Fife IJB is facing significant and ongoing financial problems, with recurring overspends.
10. On 3 March the Accounts Commission and Auditor General for Scotland [published](#) the 'Early Learning and Childcare: update' report. This report found that the Scottish Government and councils are working well together to increase early learning childcare hours from 600 to 1,140 a year from August 2020. And the pace of the expansion is broadly in line with plans. But around half of the building work required is due to be completed over the summer, and about half of the additional ELC staff still need to be recruited. Private and third sector providers - which are expected to deliver over a quarter of the hours - also continue to report significant workforce challenges that threaten their sustainability.

### ***Other business***

11. Cyber Security Week took place between 17 and 23 February. This is a week-long event to highlight cyber awareness, cyber careers and innovation in cyber security. Audit Scotland carried out a number of events to mark this Cyber Security Week. A blog was published to raise awareness of cyber security amongst staff. In addition, new guidance will be produced for auditors and committee members by Summer 2020. (Please also see paragraph 25.)
12. On 17 February the Accounts Commission and Auditor General for Scotland [launched](#) a six-week consultation the new Code of Audit Practice. The consultation closes on Friday 27 March. The Commission is considering an update on the project at today's meeting.
13. On 2 March the Commission Chair responded to a letter from the Chief Executive of Glasgow City Council on behalf of the chief executives of Glasgow City Region, in which she expressed disappointment about the lack of coverage of the Glasgow City Deal in the published performance audit of City Region and Growth Deals. The response from the Chair reiterated the scope of this audit was to provide a high-level assessment of the City Region and Growth Deals programme. The audit was not intending to performance an indepth analysis of individual deals, but this is something that may form a part of the future audit in this regard. A [copy of the letter](#) is available on the Members' Extranet.
14. On 2 March the Commission Chair responded to a letter from the Scottish Government's Deputy Director for the Local Government and Analytical Services

Division, in which she was responding to an earlier letter from the Chair expressing the Commission's disappointment at the Scottish Government's press response to the Commission's Local Government Financial Overview 2018/2019 report. The Chair reiterated that the Commission and the Scottish Government share the same understanding of the circumstances around the reporting of the additional 2018-19 funding to Scottish local authorities but that the wording used by the Scottish Government did cause concern. A [copy of the letter](#) is available on the Members' Extranet.

## **Audit Scotland**

15. On 17 February the Scottish Commission for Public Audit [published](#) its report on Audit Scotland's Budget Proposal for 2020-21. The report concludes with the Commission's recommendation to Parliament that Audit Scotland's budget proposal for 2020/21 be approved.
16. On 20 February Audit Scotland was recognised as a 'Sunday Times Top 100 Not-For-Profit Organisation to Work For'. At an awards ceremony in London, Audit Scotland were named 96th in the UK.
17. On 26 February Audit Scotland issued all staff with advice over the increasing numbers of confirmed cases of coronavirus. This included advice reiterating advice that had been issued by the NHS and UK Government. Audit Scotland are closely monitoring the advice from the NHS and the Government. Audit Scotland review their business continuity plans on a regular basis. Audit Scotland's Audit Committee were considering updated plans at its meeting on 4 March, and Audit Scotland will share updated plans with staff in early course. I will liaise with the Commission Chair over any implications for the Commission's work and operation.

## **Issues affecting local government**

### ***Scottish Government***

18. On 21 January the Scottish Government launched a consultation on Scottish public authorities sharing data. This consultation will close on 13 April. The [UK Digital Economy Act 2017](#) ("The Act"), Part 5 introduces new information sharing powers to reduce debt owed to, or fraud against, the public sector. To be able to use the information sharing powers, public authorities (and bodies which provide services to public authorities in Scotland) must be listed in Schedule 7 of the Act for the debt powers or Schedule 8 for the fraud powers. The Scottish Government is considering adding Scottish public authorities to this. Audit Scotland will be responding to the consultation.
19. On 27 January the Scottish Government [published](#) the 'Migration: helping Scotland prosper' report. The report highlights the importance of freedom of movement to Scotland's economic growth. It includes evidence given to the Expert Advisory Group on Migration & Population about the impact of migration on Scotland's communities, economy and public services. Following Brexit, the report proposes changes to the UK-wide immigration system that could benefit the whole UK, as well as practical tailored policies to provide solutions to Scotland's needs.
20. On 27 January the Scottish Government [published](#) the 'Brexit: social and equality impacts.' This independent report focuses on some of the potential social and equality impacts of Brexit. The report identified 137 potential impacts on groups that are already facing inequality, discrimination or social exclusion. The report highlights impacts including the loss of legal rights, employment protections, funding

opportunities, healthcare rights, and supply and access to food, fuel and medicines.

21. On 27 January the Scottish Government [published](#) guidance for health and social care integration authorities on developing directions for health boards and local authorities.
22. On 28 January the Scottish Government [published](#) a bi-annual bulletin providing an update on homelessness in Scotland from 1 April to 30 September 2019. The [report](#) found that in this period there were 18,645 applications for homelessness assistance – a decrease of 2% from the same period in 2018 – and that of the 18,725 assessments made 83% were determined as homeless or threatened as homeless. Findings for the period highlighted the number of households and children in temporary accommodation had increased on a national level by a rate of 4% and 6% respectively compared to September 2018. Settled accommodation had been secured for 10,070 unintentionally homeless households, a rate of 81% of cases in which contact was maintained and the outcome known.
23. On 28 January the Scottish Government [published](#) an overview of the Scottish Index of Multiple Deprivation (SIMD) 2020, alongside an [introductory booklet](#). SIMD ranks each small area of the country to show how deprived it is compared to other areas. The latest figures show the least deprived area is in the Stockbridge district of Edinburgh. The most deprived area is in Greenock town centre, which represents a change since SIMD 2016 and 2012, when the most deprived area was Ferguslie Park, Paisley. The area with the largest local share of deprived areas is Inverclyde, with 45% of data zones among the 20% most deprived areas. Glasgow City recorded similar deprivation levels, at 44%, but this is the biggest fall in deprivation for a local authority area from SIMD 2016. Levels of deprivation were found to have risen in Aberdeen City, North Lanarkshire, Moray, East Lothian, Highland and North Ayrshire, although not by more than 2 percentage points.
24. On 31 January the Scottish Government [published](#) an annual survey which provides a local authority performance summary on building standards. The survey achieved an overall response rate of 15%, resulting in the highest number of responses since the first survey was conducted five years ago. Customer satisfaction with the building standards service increased across the majority of headline measures since the year before, standing at 7.4 out of 10 in contrast with 7.0 in 2018. Most customers were “*generally complimentary*” about the service, though the survey found the length of time taken by local authorities to process warrant applications was often deemed too long.
25. On 3 February the Scottish Government [published](#) guidance on cyber security within the public sector.
26. On 4 February the Scottish Government announced that the First Minister had met with 1,000 young people with experience of care. The First Minister pledged in 2016 to meet at least 1,000 care experienced young people while the review did its work.
27. On 5 February the Scottish Government [published](#) the National Transport Strategy 2. The NTS2 sets out the Scottish Government’s vision for Scotland’s transport system over the next 20 years. The Strategy is underpinned by four key priorities, which includes reducing inequalities, tackling climate change, helping to deliver inclusive growth and improving health and wellbeing. The [analysis](#) of the consultation responses to the draft NTS2 and the [consultation report](#) on the NTS2 have also been published. The report sets out the range of consultation activities that have been undertaken and how views have been taken into account during the development of the NTS2. Audit Scotland’s maintaining Scotland’s roads report is referred to.

28. On 6 February Derek Mackay resigned as Cabinet Secretary for Finance, Economy & Fair Work following newspaper allegations. Mr Mackay was also suspended by the SNP.
29. On 6 February Kate Forbes, Minister for Finance and Digital Economy, [set out](#) the Scottish Government's spending and tax plans for 2020-21. Commitments include a £117m investment in mental health for "*all ages and stages of life*", a £37m increase in the police budget, £20m for a peatland restoration programme and a £40m fund for an Agricultural Transformation Programme. The Scottish Government also claims that local authorities will receive a real term increase of their revenue budget of £494 million. A [carbon assessment](#) and an [Equality and Fairer Scotland](#) impact assessment have also been published. Accompanying information on rates and bands for [Scottish Income Tax](#) for 2020-21 and [changes to Land and Buildings Transaction Tax](#) are available. A [Spring Budget Revision 2019-20 Supporting Document](#) has also been published. The Scottish Fiscal Commission has [updated](#) its economic and fiscal forecasts. The [local government finance circular settlement](#) and a [public sector pay policy](#) were also published. A briefing on the Scottish budget is on the agenda of today's meeting.
30. On 6 February the Scottish Government [published](#) the public sector pay policy for 2020-21. This pay policy will apply to a range of specified public bodies. This policy also acts as a benchmark for all major public sector workforce groups across Scotland including NHS Scotland, fire-fighters and police officers, teachers and further education workers. For local government employees, pay and other employment matters are delegated to local authorities.
31. On 10 February the Scottish Government [published](#) an Emergency Response paper from the Drugs Deaths Taskforce. It sets out six evidence-based strategies for preventing drug related deaths. The strategy includes the targeted distribution of naloxone, the implementation of a response pathway for non-fatal overdoses, optimising the use of medication-assisted treatment, targeting the people most at risk, optimising public health surveillance and ensuring equivalence of support for people in the criminal justice system.
32. On 10 February the Scottish Government [published](#) a summary of the Scottish National Investment Bank Bill.
33. On 11 February the Scottish Government [published](#) 2017-18 workbooks for Scottish local government finance statistics.
34. On 12 February the Scottish Government announced they would hold a drug misuse summit on the 26 February in Glasgow. Sessions at the Scottish conference would include contributions from Public Health Minister Joe Fitzpatrick and Glasgow City Council leader Councillor Susan Aitken. It would look at the recommendations of recent reports on drugs policy including those of the House of Commons Scottish Affairs Committee enquiry into drug use, the Dundee Drugs Commission and the House of Commons Health and Social Care Committee.
35. On 14 February the Scottish Government [published](#) a report about the state of the economy, which claims growth this year is likely to follow a positive but below trend pattern of around 1%, similar to the past few years. Brexit uncertainty resulted in "*significantly lower growth*" for the economy in 2019, the report found, and this uncertainty remains a "*live issue*" for businesses, particularly in relation to market access to the EU. The report shows the labour market continued to perform strongly but with a fall in employment levels over the year. Consumer sentiment continued to weaken in 2019. It concludes that the economic outlook for 2021 and beyond is



*“crucially dependent”* on the shape of a future EU trade deal and business adjustment.

36. On 14 February the Scottish Government [published](#) a [report](#) on Scottish “*social capital*”, the social connections that contribute to people’s quality of life, health, economy and wellbeing in the neighbourhoods where they live. The report evaluates four aspects of social capital; social network, community cohesion, social participation, and community empowerment to assess the nature of communities in Scotland. A separate [study](#) which considers how stories and case studies can provide insight into the nature of social connections and places in Scotland has also been published.
37. On 17 February the First Minister announced a series of appointments to the Scottish Government. Kate Forbes was appointed as Cabinet Secretary for Finance but retained responsibility for the Digital Economy, while Fiona Hyslop took responsibility for the Economy, Fair Work & Culture portfolio. Michael Russell now leads on the Constitution, Europe & External Affairs. Fergus Ewing became Cabinet Secretary for Rural Economy & Tourism. Jenny Gilruth has now joined the Government as Minister for Europe & International Development, while Ben Macpherson became Minister for Public Finance & Migration.
38. On 20 February the Scottish Government [amended](#) rules around councillors’ pay to increase flexibility and make it easier for senior councillors to take paid family leave. The changes, developed with COSLA, are intended to make it easier for women, new fathers, new adoptive parents and others who may require paid leave to take on senior roles in local authorities.
39. On 21 February the Scottish Government [published](#) analysis of the 2019 exam results carried out in partnership with the SQA, the Association of Directors in Scotland and Education Scotland. The results show a decrease in passes in several core Higher subjects. There was also a decline in entries for Highers in mathematics but an increase for the sciences. The SQA has expressed optimism regarding the increase in uptake and attainment for vocational qualifications.
40. On 25 February the Scottish Government [published](#) domestic abuse statistics for 2018-19. Levels of domestic abuse recorded by the police in Scotland were found to have remained relatively stable since 2011-12, though the 60,641 incidents of domestic abuse which took place in 2018-19 represented a 2% increase on the previous year. 41% of incidents included the reporting of at least one crime or offence, with those most frequently recorded being common assault (36%) followed by breach of the peace (29%). Around four out of five domestic abuse incidents involved a female victim and male accused, while the 26-30 age group had the highest incident rate. 88% of all domestic abuse incidents took place in a home or dwelling.
41. On 25 February the Scottish Government [published](#) the Scottish Local Government Finance Statistics 2018-19. The publication states that in 2018-19, net revenue expenditure had increased by 1.6% from 2017-18. Education and social work were the services with the highest net revenue expenditure. The statistics [show](#) in 2018-19, general funding was largely made up of £6,885m from the General Revenue Grant, £2,636m from Non-Domestic Rates and £2,376m from council tax. It also found local authorities incurred £2,977m of capital expenditure in 2018-19 and held £2,546m in usable reserves, a decrease of 1% from April 2018.
42. On 26 February the Scottish Government [published](#) a framework for an independent review of the Curriculum for Excellence to be led by the OECD. The [review](#) will cover the Broad General Education (BGE) and the Senior Phase and the articulation between the two, and is expected to conclude at the end of February 2021. It will examine curriculum design, depth and breadth of learning, local flexibility, the

transition into senior phase, vocation and academic learning, and roles and responsibilities. Consideration of BGE will assess progress in addressing recommendations from the 2015 review, and consideration of the Senior Phase will focus on key areas identified by the Parliament's Education & Skills Committee, including multi-level teaching and subject choice.

43. On 27 February the Scottish Government reached agreement with the Scottish Greens to approve the Budget at stage 1. As part of this agreement, the Scottish Government has agreed additional funding for COSLA (£95m) and for Police Scotland (£13m frontline + £5m capital). Agreement has also been reached on "*first steps*" towards free bus travel for under 18s, £25m for fuel poverty and energy efficiency, £15m for active travel (via local authorities) and £5m for rail services (Longannet, East Kilbride and Milngavie). There is also a commitment to review plans for the upgrade of the Sheriffhall roundabout. A briefing on the budget is on the agenda of today's meeting.
44. On 28 February the Scottish Government [confirmed](#) additional funding of up to £20m to tackle drug and alcohol abuse in the Scottish Budget 2020-21. This represents an increase of the £7.3m committed within the health portfolio on top of the initial proposals in the draft budget and will be invested in delivering the recommendations of the Drug Deaths Taskforce.
45. On 1 March the first patient in Scotland tested positive for coronavirus. The First Minister attended the UK Government's [COBR meeting](#), having chaired a meeting of the Scottish Government Resilience Committee. In Scotland so far, there have been 698 negative tests. Through [new measures](#), a sample of patients who present to their GP with flu like symptoms are to be tested for coronavirus. Those with more serious respiratory conditions in intensive care will also be tested.
46. On 3 March the Scottish Government [published](#) quarterly statistics on the Council Tax Reduction (CTR) scheme. They cover the period between October and December last year. There were 468,150 CTR recipients at the end of December, a decrease of 0.5% over the quarter. The total weekly income forgone by local authorities in December was £6.503m.
47. On 4 March the Scottish Government [published](#) 'Best Value: Revised Statutory Guidance 2020.' This revised guidance has been produced by the steering group and reflects the priorities that it identified. It replaces the previous guidance that was published in 2004. COSLA Leaders were the final stakeholder group that were consulted, and they approved this updated guidance at their meeting on 31 January. The Controller of Audit and Commission Secretary are liaising to ensure councils are informed about the implications of the guidance for ongoing Best Value auditing work. In summary, auditors have already been using the draft guidance in their work.

### ***Scottish Parliament***

48. On 30 January the Scottish Parliament Information Centre (SPICe) [published](#) a briefing on common questions from the public regarding the impact of Brexit.
49. On 30 January the leader of the Scottish Labour Party referenced the Accounts Commission report on the financing of public infrastructure projects during First Minister's Questions. Mr Leonard suggested that the Scottish Government's claim that the Non-Profit Distributing Model (NPD) took the profit motive and the shareholder dividend out of the building and running of infrastructure projects was untrue. The First Minister said the NPD Model was used to mitigate the £6bn cut to the Scottish Government's capital budget to build the necessary schools, hospitals and other public

sector buildings.

50. On 4 February the Scottish Parliament has [voted against](#) giving local authorities the power to set business rates. The amendment, proposed by Andy Wightman, was opposed by the SNP, Conservatives and Labour.
51. On 5 February the Non-Domestic Rates Bill was approved by the Scottish Parliament at stage 3. At [Decision Time](#), the [Bill](#) passed (For 78, Against 32, Abstentions 6), with the SNP, Labour and Mark McDonald supporting, while the Conservatives and the Liberal Democrats opposed the Bill and the Greens abstained.
52. On 6 February, following the submission of a parliamentary question from Dean Lockhart MSP, the Scottish Government confirmed that there were presently 39 Business Improvement Districts (BIDs) in operation across Scotland. A further 14 BIDs are currently in development.
53. On 10 February John Mason MSP submitted the following motion about the Accounts Commission report on Glasgow City Council –

[S5M-20782](#) John Mason (Glasgow Shettleston) (SNP): Good Governance Over Equal Pay Settlement—That the Parliament understands that the Accounts Commission has concluded that Glasgow City Council has shown good governance planning in its delivery of the project to finance £500 million in equal pay claims on behalf of women who were historically discriminated against in terms of their pay; believes that it has taken an SNP-led council to deliver the equal pay settlement, and recognises the importance of parity of pay for men and women doing jobs of equivalent value across the country and across sectors.

54. On 10 February SPICe [published](#) information on 2020-21 tax rates and a [general information graphic](#) on portfolio spending following the publication of the Scottish Budget.
55. On 11 February SPICe [published](#) an executive summary of the Scottish Budget 2020-21.
56. On 14 February SPICe [published](#) a briefing setting out a summary and analysis of the local government budget for 2020-21. The briefing found the combined general revenue grant and non-domestic rates income figure decreases by 0.2% (£150m) in 2020-21 and that once ring-fenced resource grants are included the combined figure for the resource budget increases by 1.8% in real terms (£174.6m). It also determined the total capital budget will see a decrease in real terms this year of 30.9% (£334.8m), mostly driven by a decrease in general (as opposed to specific) support for capital. The briefing notes these figures differ from those presented in the SPICe briefing for the Scottish Budget 2020-21 due to a minor issue with real terms calculations.
57. On 20 February the Scottish Parliament approved the Scottish Elections (Franchise and Representation) Bill at Stage 3. The Bill required a super-majority of two-thirds in the Scottish Parliament. At [Decision Time](#), the [Bill](#) passed (For 92, Against 27), with the SNP, Labour, the Greens, the Liberal Democrats and Mark McDonald supporting and the Conservatives opposing. The Bill will extend the right to vote in local and Scottish elections to those serving prison sentences of less than 12 months. It will also enfranchise legal residents of Scotland, including refugees but not asylum seekers. The Bill will also allow foreign nationals with indefinite leave to remain and those with pre-settled status to run for office.



## ***Parliamentary Committee News***

### ***Local Government and Communities Committee***

58. On 22 January the Committee:
- Took evidence from Kevin Stewart MSP, minister for local government, housing and planning; Angela O'Brien, the Scottish Government's housing and independent living team leader; and Alison Fraser, a solicitor for the Scottish Government on the draft Relevant Adjustments to Common Parts (Disabled Persons) (Scotland) Regulations 2020
  - Took evidence from Kevin Stewart MSP, minister for local government, housing and planning on building regulation and fire safety.
59. On 29 February the Committee took evidence from stakeholders on the Scottish Public Services Ombudsman's annual report and accounts 2018-19.
60. On 5 February the Committee took evidence from Kevin Stewart MSP, minister for local government, housing and planning on the draft Fuel Poverty (Additional Amount in respect of Remote Rural Area, Remote Small Town and Island Area) (Scotland) Regulations 2020 and the draft Fuel Poverty (Enhanced Heating) (Scotland) Regulations 2020. The instruments have been laid under affirmative procedure, which means that Parliament must approve them before the provisions can come into force. Following this evidence session, the committee will consider motions to approve the instruments.
61. On 5 February the Committee [published](#) the Stage 1 report on the Period Products (Free Provision) (Scotland) Bill. While the Committee praised Monica Lennon for bringing forward the Bill, multiple concerns have been raised regarding the potential cost of the provision. The Scottish Government's estimates of the costs to implement a universal scheme showed a "*large disparity*" with the costs outlined in the Financial Memorandum.
62. On 19 February the Committee held a session on its scrutiny of the 2020-2021 Budget by taking evidence from Councillor Gail Macgregor, spokesperson for resources at the Convention of Scottish Local Authorities; Vicki Bibby, head of resources, COSLA; Jim Boyle, Chartered Institute of Public Finance and Accountancy, Scottish directors of finance section; and David Robertson, member of the Society of Local Authority Chief Executives.

### ***Public Audit and Post Legislative Scrutiny Committee***

63. On 23 January the Committee took evidence from Caroline Gardner, Auditor General for Scotland; Gemma Diamond, Audit Director, Audit Scotland; and Gary Devlin, partner at Scott-Moncrieff on the section 22 report, 'The 2018/19 audit of Disclosure Scotland.'
64. On 30 January the Committee took evidence from Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value; Graeme Greenhill, Senior Manager; Sally Thompson, Audit Manager; and Derek Hoy, Audit Manager on the performance audit report, 'City Region and Growth Deals'.
65. On 20 February the Committee took evidence from Caroline Gardner, Auditor General for Scotland, Mark Taylor, Assistant Director, Graeme Greenhill, Senior Manager, and Martin McLauchlan, Audit Manager on the report, 'Privately financed infrastructure

investment: The Non-Profit Distributing (NPD) and hub models.’

66. On 2 March the Committee [published](#) a letter to COSLA about the Auditor General and Accounts Commission report on city region and growth deals.

#### *Finance and Constitution Committee*

67. On 29 January the Committee continued its Budget scrutiny by taking evidence from representatives from the Fraser of Allander institute.
68. On 12 February the Committee continued its Budget scrutiny by taking evidence from the Scottish Fiscal Commission, and from the Cabinet Secretary for Finance, Kate Forbes MSP.
69. On 21 February the Committee [published](#) a report on the Budget 2020-21, which calls on the Government to take a “*more strategic approach*” to budgetary management. It found that delivering a balanced Budget annually is now more challenging because of increased volatility arising from devolved taxes and social security benefits. The Committee calls for a shift away from allocating all available spending annually to developing a medium-term approach that addresses volatility. It also recommends HM Treasury examine the Scottish Government’s request for additional resource borrowing and reserve powers to help manage the risk.

#### *Other Committees*

70. On 14 February the Equalities and Human Rights Committee [launched](#) an inquiry into employment opportunities for minority ethnic communities. The Committee will mainly consider the role of public authorities and whether they are meeting their legal obligations under the Public Sector Equality Duty within the Equality Act 2010.
71. On 17 February the Education and Skills Committee [published](#) submissions from various organisations, local authorities and individual academics and student teachers to its inquiry on recruiting and training new teachers. The Committee has also published a [letter](#) from John Swinney responding to the inquiry.
72. On 25 February Jeane Freeman, Cabinet Secretary for Health and Sport gave evidence to the Health and Sport Committee. Ms Freeman gave evidence on a variety of issues affecting health policy in Scotland, including on IJBs. During Ms Freeman’s contribution, she suggested that she couldn’t see the justification behind Edinburgh’s IJB to reduce funding to social care services. Following a question from Sandra White MSP on the leadership of Integration Authorities, Jeane Freeman spoke about good practice sharing between chief officers and the training and support on offer for leadership roles. The Cabinet Secretary confirmed there would be a review of IJBs’ progress in implementing set-aside budgets. The Convener noted the Committee’s report on social prescribing recommended Integration Authorities spend 5% of their budgets on social prescribing. The Cabinet Secretary confirmed work was being done with COSLA to discuss supporting this position.

#### **Public Policy News**

73. On 28 January the Scottish Funding Council [published](#) new figures on college places. This showed that there were 118,242 full time equivalent college places for the 2018-19 academic year, 1,972 more than the Scottish Government target. There were 47,114 full-time further education students, of which 65.2% completed their course successfully. Of the 26 colleges delivering full-time courses, nine had improved

success rates in comparison to the previous year and 17 saw a decline. Of the 32,860 full-time higher education students, 69.8% successfully completed their course. Five of the 15 colleges delivering full-time higher education courses had improved pass rates in comparison to the previous year while ten saw declining success rates.

74. On 29 January the Chief Statistician [published](#) figures on the Scottish economy. This report showed that Scotland's economy grew by 0.3% during the third quarter of 2019. During the third quarter, figures show output in the services sector grew by 0.1%, output in the production sector grew by 1.1%, with output in the construction sector remaining flat compared to the second quarter. The largest single contributor to growth in this quarter came from the electricity and gas supply industry. Compared to the third quarter of 2018, growth over the year is now estimated at 0.6%, a revision down from the first estimate of 0.7%. Over the last year, households' disposable income increased by 3% unadjusted for inflation, while consumer spending is estimated to have increased 1.4%, meaning the household savings ratio has increased to 4.3% from 2.5% at the same time last year.
75. On 30 January Graeme Brown [announced](#) that he will shortly step down as Director of Shelter Scotland after 12 years in the post.
76. On 31 January the Mental Welfare Commission [published](#) a report on its visits to all 22 of Scotland's NHS mental health rehabilitation wards. The [report](#) shows some improvements since the last visit, such as patients regularly getting access to their local communities, also in assessments, care planning and reviews for patients, but these improvements were varied
77. On 3 February it was [announced](#) that Rozanne Foyer would be replacing Grahame Smith as the General Secretary of the Scottish Trades Union Congress.
78. On 5 February the Independent Care Review [published](#) their report on the review that was carried out on Scotland's care system for looked after children. The report stated that the care system in Scotland needs a 'radical overhaul.' The report has calculated that services which deliver and surround the 'care system' cost £1.2 billion annually. The review also calculated the costs of the 'care system' letting down children and their families at £1.6 billion; a combination of £875 million in meeting the needs care experienced people have as a result of the 'care system' failing them and £732 million in lost income tax and national insurance. The report has identified five foundations for change, with over 80 specific changes that must be made to transform how Scotland cares for children and families
79. On 5 February the University of Edinburgh Centre on Constitutional Change [published](#) a report on the potential impact of Brexit on the unions of Great Britain and Northern Ireland. The report discusses the post-Brexit balance of power between the UK Government and devolved institutions, the UK internal market, common frameworks for agriculture and other sectors, and the Good Friday Agreement. Contributors consider issues including the future of fisheries under an EU-UK trade deal and whether the Sewel convention has been "*eroded*" by Brexit.
80. On 6 February the National Records of Scotland [published](#) a report detailing homeless deaths in Scotland during 2017-18. The report estimated there were 195 deaths of people experiencing homelessness in 2018, representing an increase of 19% on the estimate of 164 in 2017. Glasgow and Aberdeen recorded the highest homeless death rate per million population at 100.5 and 67.8 respectively. Over half of homeless deaths were found to be drug-related at 53%, while around three-quarters of homeless deaths were males (74% of the total in 2017 and 79% in 2018).

81. On 11 February Reform Scotland [published](#) Unfinished Business, a research paper which advocates the devolution of VAT to Holyrood. The report notes that while EU law prevents variations in sales taxes within member states, this law will not apply after Brexit, and highlights previous support for the policy from the Scottish Conservatives. It calls on Sajid Javid to announce the policy in the Budget.
82. On 12 February Citizens Advice Scotland [released](#) research which suggested that more than one in ten consumers in Scotland believe that their energy bills are unaffordable.
83. On 14 February Jackson Carlaw MSP was announced as the new leader of the Scottish Conservatives and Unionist Party. Mr Carlaw had been acting as interim leader since August.
84. On 17 February Nesta in Scotland (formerly National Endowment for Science, Technology and the Arts) [published](#) a report on public attitudes towards using innovation to address social challenges, including the climate crisis and public health. The report included a survey of 1,031 adults in Scotland and suggested that 71% believe the Scottish and UK governments should invest in innovation to address social problems, even if there is no economic benefit. Regarding the social challenges, the climate crisis was rated as the number one priority for people in Scotland, while the whole of the UK ranked it as the fourth most important priority.
85. On 17 February Barnardo's Scotland [published](#) a report on supervision of education professionals and called for better mental health support for staff. The study found children and young people's health and wellbeing could be improved if staff were given dedicated time for support and reflection.

### **COSLA**

86. On 18 February COSLA issued a "warning" to the Scottish Government that the proposed Budget will put council services at risk, with vulnerable communities likely to suffer the most. COSLA argued the effects of successive years of cuts, rising demand and inflation had not been taken into account, undermining the chances of meeting Scottish Government's objectives on inclusive growth, child poverty, wellbeing and climate change. The announcement of an extra £495m for councils was described as "*misleading*" given they were being expected to deliver new Scottish Government policy commitments costing £590m. Taking inflation into account, COSLA estimated the local government revenue budget will be cut by around £300m in real terms. The real terms cut to the capital budget was put at £130m-

### **Improvement Service**

87. On 27 January the fifth annual report of the Common Advice Performance Monitoring Reporting Framework (CAPMRF) was [published](#). The report highlights that in 2018/19 local authorities invested a total of £25.9m in Advice Services. The report also found that 244,637 clients were supported by money and welfare rights advice services, including a large proportion of individuals experiencing the greatest social and economic inequality. One of the report's findings suggests that for every £1 invested in money and welfare rights advice provision by local authorities in Scotland this provides financial gains of £13 to £14 for clients.
88. On 30 January the Improvement Service, in partnership with other organisations [produced](#) guidance on collaborative council tax collection. The guidance seeks to offer a set of principles to support a collaborative approach between those in Scottish councils who are responsible for administering council tax and those offering debt and

money advice, on either an internal or external basis.

89. On 31 January the Improvement Service published the Local Government National Benchmarking Overview Report for the period 2018-19. The report concludes that while local government has performed well despite the “*more challenging setting*” it is operating in, progress made in previous years has begun to stall. The report found councils are continuing to protect expenditure in core areas, with education and care accounting for 70% of the benchmarked expenditure. However, since 2010-11, there has been a 23% reduction in spending on leisure and culture, a 24% reduction in roads spending and a 10% reduction in spending on environmental services. The report called for greater collaboration and a focus on priorities in order to meet ongoing challenges.
90. On 28 February a meeting of the Community Planning Improvement Board was held. Amongst the items discussed at this meeting were responding to the Cabinet Secretary’s review of community planning, the National Performance Framework, and the role of CPIB in improvement. The Director of Performance Audit and Best Value is a member of the Board.

### ***Other Scottish local government news***

91. On 27 January the Scottish Greens [announced](#) that 2,500 objections to the proposed £120m Sherriffhall roundabout development have been lodged. The Greens, who have campaigned against the development, said it would increase congestion and ran contrary to the recent recommendations of the Infrastructure Commission.
92. On 27 January it was [announced](#) that proposals to bring Glasgow’s bus network under public ownership have been abandoned after owner First announced it would no longer consider selling its UK operations.
93. On 18 February it was [reported](#) that over 2,000 people had signed a petition to oppose cuts to music tuition in Edinburgh. Currently, instrument tuition is free in schools in Edinburgh, but many councils have started to charge for the service.
94. On 2 March Citizens Advice Scotland [launched](#) their ‘Check to Save’ campaign. This campaign will look to help people pay their council tax. This campaign will encourage those to pay their council tax to check if they’re eligible for any assistance. Figures released from the charity reveal council tax debt is an increasing problem in Scotland, with clients within the Citizens Advice network owing almost £7million, with the average debt nearly three times the average bill, at £3,102.46. Citizens Advice Scotland have [launched](#) an online tool that allows people to check if they’re eligible for any assistance in paying their council tax.

### **Scrutiny, inspection, regulatory and related bodies**

#### ***Scottish Public Sector Ombudsman (SPSO)***

95. [The SPSO’s Newsletter - February](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO’s work, including detailed investigations and decision reports, is available on the Our findings webpage. The Commission’s Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis (next at its February meeting).



### ***Care Inspectorate***

96. On 30 January the Care Inspectorate [published](#) their strategic workforce plan. This plan will help the organisation achieve their aims and objectives outlined in their corporate plan. The workforce plan sets out five key values that all those providing care will possess – person-centred, fairness, respect, integrity and efficiency.
97. On 12 February the Care Inspectorate [published](#) a joint inspection report on services for older people living in the Scottish Borders. The original inspection of services for older people in 2017 had identified some strengths in the delivery of services, but also significant weaknesses which resulted in 13 recommendations for improvement. The follow-up review from the Care Inspectorate confirmed that improvements were being achieved. The local health and social care partnership had reviewed its governance framework and had a process in place for monitoring the progress of the strategic plan supported by a clear supporting structure. Continuity of senior staff in the partnership has provided much needed stability.
98. On 20 February the Care Inspectorate [published](#) a joint report with the Scottish Social Services Council about the levels of staff vacancies in Scotland's social care services. As with the previous report, this report provides a national overview of vacancies and recruitment difficulties reported by care services to the Care Inspectorate. Over the past year, 38% of services reported having vacancies, unchanged from the previous year. However, care homes for adults, care homes for older people, housing support services, care at home services, nurse agencies and residential special schools all had a proportion of services with vacancies significantly above the national average for all care services.
99. On 25 February the Care Inspectorate [published](#) a joint inspection report on services children and young people in need of care in Orkney. The inspection identified strengths in the relationships that were built between children and key staff and carers. The majority of care leavers were well supported in their transition to adulthood. However, it also found significant areas for improvement. The review also recommended that services should improve the effectiveness and oversight of the public protection committee in carrying out core functions to protect children and young people.

### ***Standards Commissioner for Scotland***

100. On 25 February the Standards Commissioner [produced](#) guidance to provide clarity on the extent of the activities in which a councillor can engage while they are subject to a period of full suspension.

### ***HM Inspectorate of Constabulary in Scotland (HMICS)***

101. On 26 February HMICS [published](#) a strategic review of Police Scotland's response to online child sexual abuse. This review outlines a series of recommendations including that Police Scotland should improve the means by which recorded data can accurately inform assessment of the scale and nature of online child sexual abuse.

### ***Education Scotland***

102. On 23 January Education Scotland [published](#) their 'Improving life chances and empowering communities' report. The report summarises the main findings from HM Inspectors of Education following inspections in all 32 local authorities between September 2016 to June 2019, of Community Learning and Development (CLD) provision. The report found that CLD is contributing strongly to local communities in

almost all local authorities. Targeted CLD provision is improving basic skills, reducing social isolation and improving wellbeing for those overcoming social and economic disadvantage.

103. On 25 February Education Scotland [published](#) a briefing on school inspection findings. The inspection evidence identifies what is working successfully in Scottish education as well as priorities for improvement. The briefing found that there is evidence that collaboration and participation in career-long professional learning is resulting in positive outcomes in most schools. However, the report also found that more work is required to improve the monitoring and tracking of children's and young people's progress, skills and attainment over time.

## **UK Parliament**

### ***General***

104. On 24 January the UK Government announced that they would hold a summit in Glasgow on tackling drug misuse. This would take place on 27 February and attended by representatives from across the UK.
105. On 27 January the UK Government [announced](#) a fast-track visa system to encourage scientists and researchers to move to the UK. The scheme will replace the Tier 1 (Exceptional Talent) visa route and opens on Thursday 20 February. The number of successful applications will be uncapped, meaning all successful applicants will be given the right to live in the UK and a path to settled status. UKRU will manage the scheme and for the first time endorse applications. Applicants will benefit from the number of eligible fellowships doubling under the new scheme and will not be required to commit to one offer of employment before immigrating.
106. On 7 February the UK Government published the final one-year local finance settlement for councils in England. The UK Government claims that the package of funding in 2020-21 is worth £49.2bn, up from £46.2bn in the previous year.
107. On 13 February the Prime Minister carried out a reshuffle of his cabinet –

#### New appointments

- Rishi Sunak – Chancellor of the Exchequer
  - Alok Sharma – Secretary of State for Business, Energy & Industrial Strategy.
  - Anne-Marie Trevelyan – Secretary of State for International Development
  - Oliver Dowden – Secretary of State for Digital, Culture, Media & Sport
  - Suella Braverman – Attorney General
  - George Eustice – Secretary of State for Environment, Food & Rural Affairs
  - Stephen Barclay – Chief Secretary to the Treasury
108. On 19 February the UK Government [announced](#) a new “points-based” immigration system to come into force at the end of the Brexit transition period, on 1 January 2021. Points will be assigned for specific skills, qualifications, salaries and professions, and visas will only be granted to individuals with sufficient points. No preference will be given to any specific regions or countries. All applicants will be required to have a job offer with a minimum salary of £25,600. The Government estimates that 70% of the existing EU workforce would not meet the requirements of the new scheme. Applications for student visas will also be points-based, while the seasonal workers programme will be expanded from 2,500 to 10,000 places.
109. On 28 February the UK Government the UK Government [published](#) a policy paper outlining its approach to negotiations on the future relationship with the EU. The paper

emphasised the Government's wish for a trading relationship with the EU based on its existing precedents with Canada, Japan and South Korea.

#### *Scottish Affairs Committee*

110. On 30 January Pete Wishart MP was [elected](#) as chair of Scottish Affairs Committee.

#### *Housing, Communities and Local Government Committee*

111. On 30 January Clive Betts MP was [elected](#) as chair of the Housing, Communities and Local Government Committee.

#### *Public Accounts Committee*

112. On 30 January Meg Hillier MP was [elected](#) Chair of the Public Accounts Committee

### **Other UK Audit Bodies**

#### *National Audit Office*

113. On 28 January the National Audit Office [published](#) its report on the *Get ready for Brexit* public information campaign. The campaign was launched on 1 September 2019 to ensure the public was prepared for Brexit, which was scheduled to take place on 31 October 2019. The campaign ceased operation on 28 October, following the agreement of an extension to the UK's membership of the EU. The report examined the management of the campaign, including the preparation, approval of the £100m budget and the effectiveness of the campaign. The Auditor General noted the "*great pace*" at which the Cabinet Office needed to work to launch the "*large, complex campaign*" which spanned several departments. The report found that the Cabinet Office could not demonstrate the need for an air campaign, which included the use of radio, TV and digital advertisements. The National Audit Office recommended that the UK Government place a greater focus on the desired impact, as well as how the behaviour change would be delivered.
114. On 10 February the National Audit Office [published](#) a report on the prison estate in England and Wales. It concludes that the UK Government is failing to provide and maintain safe prisons, and its efforts to address this have not been effective.
115. On 10 February the National Audit Office [published](#) a [report](#) about information held by the Department for Work and Pensions on deaths by suicide of benefits claimants.
116. On 13 February the National Audit Office [published](#) a report about local authority investment in commercial properties. The report urges the government to look again at the framework in place to protect taxpayer money from risks involved in investing in commercial property. Town halls in England spent £6.6bn on commercial property between 2016-17 and 2018-19 and relying on this type of investment leaves councils open to risk caused by an economic recession.

#### *Wales Audit Office*

117. On 5 February the Auditor General for Wales [published](#) a report on the financial management and governance of community and town councils.

### **Other general – UK**

118. On 27 January the Centre for Cities [released](#) their 'Cities Outlook 2020' report. This report into air pollution found that people living in southern cities were more likely to

die from toxic air. In addition, air pollution deaths are 25 times higher than national rate of deaths from traffic accidents. London and Slough have the highest percentage of deaths linked to the deadly toxin PM2.5, at 6.4%. Aberdeen has the lowest number of deaths linked to the toxin at just 3%, followed by Dundee at 3.1%. The report urged cities to introduce ultra-low emissions zones to charge vehicle drivers in city centres and recommended banning the use of wood-burning stoves and coal fires in areas where pollution exceeds guidelines.

119. On 31 January the United Kingdom left the European Union.
120. On 4 February the UK in a Changing Europe [published](#) its report *Brexit: What Happens Next?*. The paper found the Government faces several challenges in the next 11 months until the end of the transition period, including the development and implementation of independent immigration, agriculture and environmental policies, setting up new agencies to take on responsibilities returning from the EU, and maintaining the union. In addition, the report predicts the Government's unwillingness to accept an extension to the transition period will not result in anything other than "*the barest of bare bone deals*" by December 2020. It also criticises ministers for failing to be honest with the public about the economic impact of Brexit, the increase in "*red tape*" and size of the state.
121. On 5 February the Local Government Information Unit [published](#) research which suggested that 93% of local authorities plan to increase council tax in the coming year by more than 1.5%.
122. On 7 February the Joseph Rowntree Foundation (JRF) [published](#) its [annual report](#) on the nature and scale of poverty across the UK and how it impacts those affected. The [report](#) highlights that while poverty among those traditionally most at risk has been "*dramatically reduced*" during the last 20 years, progress has "*begun to unravel*". The JRF found 19% of households in Scotland lived in poverty compared to 24% in Wales and 22% in England, which was attributed to lower rents in the Scottish social housing sector and the greater proportion of social rented properties. However, poverty trends in Scotland are increasing, with elderly and child poverty each increasing by 3% in the last five years, albeit remaining lower than their respective UK rates. JRF concludes that to tackle the drivers of poverty levels, employment in weak local economies must be improved, the number of people in low-paid, insecure jobs must be reduced, the benefits system – particularly for disabled people and carers – should be strengthened, and the availability of low-cost housing must be increased, along with support for those with high housing costs. A document outlining the report's [findings](#) has also been published.
123. On 24 February the Local Government Association [reported](#) that English local authorities have overspent on children's social care by £3.2bn in the last five years as they try to offset cuts from central government. Their study found the number of children in England on a child protection plan has increased by 53% to 52,000 since 2009, while the number of children in care has increased by 28% to 78,150.
124. On 26 February the Institute for Fiscal Studies [published](#) research with a series of recommendations ahead of the UK Budget. The report suggests the UK Government will either raise taxes or abandon fiscal promises that were made during the general election campaign. Regarding fiscal rules, the report claims a loosening would lead to an increase in Government debt and an unsustainable financial future. The Institute also suggests the new Chancellor would need to find an additional £3bn to avoid real-terms spending cuts to Government departments. The Conservative manifesto promise to raise the percentage of national income spending on investment to 3% is also addressed in the report, with the Institute calling for investment to be "*gradual*"

and “*well targeted*”. On taxes, the report highlights the historic trend of increasing taxes during the first year of a parliamentary session and calls for abolishing entrepreneurs’ relief in capital gains tax and an increase to council tax bills for those in expensive properties. Turning to Brexit, the Institute suggests the future UK-EU trade agreement will have a significant effect on the geographic inequalities regarding earnings.

## **Conclusion**

125. The Commission is invited to consider and note this report.

**Paul Reilly**  
**Secretary to the Accounts Commission**  
**3 March 2020**



## **APPENDIX: Accounts Commission reports in past 12 months - downloads**

<b>Report</b>	<b>Date</b>	<b>Report downloads</b>	<b>Podcast downlds</b>
<a href="#">2018/19 audit of Glasgow City Council: Update on equal pay settlement</a>	6 Feb 20	174 (n/a)	n/a
<a href="#">Privately financed infrastructure investment</a>	28 Jan 20	398 (n/a)	80
<a href="#">Highland Council: best Value Assurance Report</a>	23 Jan 20	844 (n/a)	192
<a href="#">Scotland's City Region and Growth Deals</a>	16 Jan 20	844 (+71)	95
<a href="#">Scotland's City Region and Growth Deals - Supplement</a>	16 Jan 20	143 (+104)	n/a
<a href="#">Self-directed support: 2017 progress report - impact</a>	17 Dec 19	331 (+104)	n/a
<a href="#">Local government in Scotland: Financial overview 2018/19</a>	17 Dec 19	1,838 (+478)	177
<a href="#">Scottish Borders Council: Best Value Assurance Report</a>	22 Oct 19	883 (+152)	181
<a href="#">National Scrutiny Plan</a>	30 Sept 19	626 (+104)	n/a
<a href="#">Perth and Kinross Council: Best Value Assurance Report</a>	22 Aug 19	1,175 (+163)	145
<a href="#">Principles of community empowerment</a>	25 July 19	5,700 (+625)	n/a
<a href="#">Midlothian Council: Best Value Assurance Report</a>	4 July 19	1,523 (+153)	193
<a href="#">Clackmannanshire Council: Best Value Assurance Report progress report</a>	27 June 19	1,022 (+125)	203
<a href="#">Accounts Commission annual report 2018/19</a>	31 May 19	502 (+91)	n/a
<a href="#">Accounts Commission Engagement strategy and plan 2019-24</a>	31 May 19	377 (+88)	n/a
<a href="#">Accounts Commission Strategy and annual action plan 2019-24</a>	31 May 19	420 (+91)	n/a
<a href="#">Accounts Commission Engagement plan progress report 2018/19</a>	31 May 19	204 (+50)	n/a
<a href="#">North Lanarkshire Council: Best Value Assurance Report</a>	23 May 19	1,290 (+166)	182
<a href="#">Stirling Council: BV Assurance Rprt</a>	25 Apr 19	1,365 (+75)	201
<a href="#">How council work: Safeguarding public money</a>	11 Apr 19	2,166 (+208)	n/a
<a href="#">South Lanarkshire Council: BV Assurance Rpt</a>	28 Mar 19	1,647 (+289)	127
<a href="#">Local government in Scotland: Challenges and performance 2019</a>	21 Mar 19	5,456 (+504)	295
<a href="#">Local government in Scotland: Challenges and performance 2019 - Supplement</a>	21 Mar 19	622 (+73)	n/a

### **Key:**

(x) Increase in numbers since last month

\* This figure is below 30

n/a Not applicable.